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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 9, 2001

APPLICATION OF

DOMINION RETAIL, INC.

CASE NO. PUE000352

For licenses to conduct  
business in electric and  
natural gas retail access  
pilot programs and to act  
as an aggregator

ORDER GRANTING LICENSES

On July 5, 2000, CNG Retail Services Corporation d/b/a Dominion Retail ("CNGR" or "Applicant") filed an application for licensure to conduct business as an electric competitive service provider to residential and small commercial customers in Virginia Electric and Power Company's ("Virginia Power") retail access pilot program. By Order dated August 23, 2000, CNGR was issued License No. PE-2 to provide competitive electric supply service to such customers in Virginia Power's retail access pilot program.

On October 11, 2000, CNGR made a filing with the Commission advising that it had changed its corporate name to Dominion Retail, Inc., ("Dominion Retail") and requested that its license be amended to reflect the new corporate name. On October 24,

2000, the Commission canceled License No. PE-2 and reissued it as License No. PE-2A in the name of Dominion Retail, Inc.

On May 25, 2001, Dominion Retail filed an application to amend its license so that it may also conduct business as an electric and natural gas competitive service provider and to act as an aggregator, serving all customer classes in conjunction with other electric and natural gas pilot programs. The Applicant intends to serve residential, commercial, and industrial customers participating in the electric retail access pilot programs of Virginia Power, American Electric Power-Virginia ("AEP-VA"), and Rappahannock Electric Cooperative ("REC"), and in the natural gas retail access pilot programs of Columbia Gas of Virginia, Inc., ("CGV"), and Washington Gas Light Company ("WGL").

On June 8, 2001, the Commission issued its Order for Notice and Comment, docketing the case, requiring that notice of the application be published, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of Dominion Retail's application and present its findings in a Staff Report to be filed on or before July 3, 2001.

The Applicant filed proof of publication of its notice on June 28, 2001. No comments from the public on Dominion Retail's application were received.

The Staff filed its Report on July 3, 2001, concerning Dominion Retail's fitness to provide competitive electric and natural gas service as well as aggregation services. In its Report, the Staff summarized Dominion Retail's proposal and evaluated its financial condition and technical fitness. Staff noted that Dominion Retail is a wholly owned subsidiary of Dominion Resources, Inc. ("DRI"), one of the nation's largest integrated electric and natural gas holding companies. According to DRI's December 31, 2000, Form U-5S, filed with the Securities Exchange Commission, Dominion Retail had revenues in excess of \$170 million, a net loss of \$5.2 million and total assets of approximately \$87 million. Staff also noted that Dominion Retail will rely upon the resources of DRI to finance its operations in Virginia as it is done in the other states in which it does business. As such, the Staff concluded that Dominion Retail would satisfy the financial and technical fitness requirements for licensure upon receipt of such additional evidence.

The Staff recommended that Dominion Retail's current license, PE-2A be amended to allow it to sell electric service to residential, commercial and industrial customers in the pilot programs of Virginia Power, AEP-VA, and REC. Staff further recommended that Dominion Retail be granted a license for the provision of competitive natural gas service to residential, commercial and industrial customers in the CGV pilot program and

the WGL retail choice program;<sup>1</sup> and for the provision of aggregation services.

Dominion Retail filed a response to the Staff Report on July 5, 2001, in which it states that it supports generally the findings of the Staff Report and will not otherwise file comments thereon.

NOW UPON CONSIDERATION of the application, the Staff Report, and the Company's July 5, 2001, reply to the Staff Report, the Commission finds that Dominion Retail's application to provide electric, natural gas, and aggregation services should be granted, subject to the conditions set forth below. However, as we have noted, WGL has been authorized to implement full natural gas retail supply choice to all of its customers, consequently, it no longer has a pilot program. In Case No. PUE010013, by Order dated June 19, 2001, the Commission adopted Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 et seq. ("Retail Access Rules"), effective August 1, 2001. Since WGL no longer has a pilot program, we will treat Dominion Retail's request to participate in WGL's

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<sup>1</sup> By Commission Order dated March 7, 2001, in Case No. PUE000474, the Commission approved an application by WGL to implement on a permanent basis natural gas retail supply choice to all of its customers in Virginia, including those served by its Shenandoah Gas Division.

pilot as a request to participate in its natural gas retail supply choice program.

Accordingly,

IT IS ORDERED THAT:

(1) Dominion Retail's current license, License No. PE-2A, is hereby amended to allow Dominion Retail to provide competitive electric supply service to residential, commercial and industrial customers in conjunction with the retail access pilot programs of Virginia Power, AEP-VA, and REC. This license to act as a competitive service provider is further granted subject to the provisions of the Interim Rules Governing Electric and Natural Gas Retail Access Pilot Programs, 20 VAC 5-311-10 et seq. ("Interim Rules"), this Order, and other applicable statutes.

(2) Dominion Retail is hereby granted License No. PG-19 to provide competitive natural gas supply service to residential, commercial and industrial customers in conjunction with the retail access pilot program of CGV. This license to act as a competitive service provider is granted subject to the provisions of the Interim Rules, this Order, and other applicable statutes.

(3) Dominion Retail is hereby granted License No. PA-12 to provide aggregation services to residential, commercial and industrial customers in conjunction with the retail access pilot

programs of CGV, Virginia Power, AEP-VA, and REC. This license to act as an aggregator is granted subject to the provisions of the Interim Rules, this Order, and other applicable statutes.

(4) The licenses granted pursuant to ordering paragraphs 1, 2, and 3 shall expire upon termination of the respective pilot programs, unless otherwise ordered by the Commission. These licenses are not valid authority for the provision of any product or service not identified within the licenses themselves.

(5) Dominion Retail is hereby granted License No. G-1 to provide competitive natural gas service to residential, commercial and industrial customers in the natural gas retail supply choice program of WGL. The authority to act as a competitive natural gas provider in WGL's natural gas retail supply choice program is effective on August 1, 2001, the date the Retail Access Rules are effective. This license to act as a competitive service provider in the WGL program is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(6) Dominion Retail is hereby granted License No. A-1 to provide aggregation services to residential, commercial and industrial customers in conjunction with WGL's natural gas retail supply choice program. The authority to act as an aggregator in WGL's natural gas retail supply choice program is

effective on August 1, 2001, the date the Retail Access Rules are effective. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(7) Failure of Dominion Retail to comply with the Interim Rules, the Retail Access Rules, the provisions of this Order, other State Corporation Commission orders and rules, or other applicable state or federal laws may result in an enforcement action by the Commission that includes, without limitation, the revocation, suspension, or modification of the licenses granted herein, the refusal to renew such licenses, the imposition of appropriate fines and penalties, or such other additional actions as may be necessary to protect the public interest.

(8) This case shall remain open for consideration of any subsequent amendments or modifications to these licenses.